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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, February 7, 2002

APPLICATION OF

CASE NO. PUA010077

CASTLE CRAIG WATER COMPANY, INC.

and

CASTLE CRAIG WATER WORKS, INC.

For approval of utility transaction

ORDER GRANTING APPROVAL

On December 12, 2001, Castle Craig Water Company, Inc. (“Castle Craig Water Company”), and Castle Craig Water Works, Inc. (“Castle Craig Water Works”), (collectively, the “Applicants”) filed an application with the State Corporation Commission (“Commission”) under the Utility Transfers Act requesting approval for Castle Craig Water Company to acquire the Castle Craig water system from Castle Craig Water Works.

Castle Craig Water Works currently serves thirty-six connections in the Castle Craig subdivision, located in Campbell County, Virginia. Castle Craig Water Works has been in operation since the 1950s and was incorporated on November 15, 1992.

Castle Craig Water Company is newly formed and operated by Petrus Environmental Services, Inc. (“Petrus Environmental”), headquartered in Roanoke, Virginia. Petrus Environmental provides professional management, administration, operation, and maintenance services to the water and wastewater utility industry.

The Applicants request approval for Castle Craig Water Company to acquire the Castle Craig water system from Castle Craig Water Works. Under this transaction, all real property and

personal property comprising the water system will be transferred, including two wells, treatment building, pipes, tanks, distribution mains, meters, easements, operational equipment, and dedicated lot.

The original cost of the Castle Craig water system assets is valued at \$50,000.00. The Applicants state that this transaction is the result of Castle Craig Water Works' desire to rid itself of the obligation and responsibility of owning and operating the water treatment system. Due to the age of the system, the limited number of connections, and the level of annual revenues and expenses, the assets were transferred at no cost.

After the transfer, Castle Craig Water Company will continue to operate the water system and will serve Castle Craig Water Works' connected customers. Petrus Environmental is the operator of Castle Craig Water Company and will provide the newly acquired water system with contract operation, maintenance, and administrative services.

THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the above-described acquisition of utility assets will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-89 and 56-90 of the Code of Virginia, Castle Craig Water Company is hereby granted authority to acquire the Castle Craig water system utility assets from Castle Craig Water Works as described herein.
- 2) Applicants shall submit to the Commission's Director of Public Utility Accounting a report of the action taken pursuant to the approval granted herein within thirty days of the transaction taking place, subject to extension by the

Director of Public Utility Accounting. Such report shall include the date the acquisition took place, the actual sales price, and the actual accounting entries reflecting the transaction.

- 3) The approval granted herein shall have no ratemaking implications.
- 4) There appearing nothing further to be done in this matter, it hereby is dismissed.